

ORDER NO. 1406

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Nanci E. Langley, Vice Chairman;  
Mark Acton;  
Tony Hammond; and  
Robert G. Taub

Mail Processing Network  
Rationalization Service Changes, 2012

Docket No. N2012-1

ORDER DIRECTING THE POSTAL SERVICE  
TO PROVIDE A RESPONSIVE ANSWER

(Issued July 18, 2012)

The Commission has been attempting to replicate volume loss calculations using survey response data provided as record evidence by Postal Service witness Elmore-Yalch (USPS-T-11) since the Postal Service first filed its request for an advisory opinion. Despite several rounds of discovery requests and a request for information during the June 28, 2012 hearing, the Commission has been unable to obtain a clear understanding of how calculations were made. Without being able to replicate the Postal Service's calculations, it will be difficult to evaluate fully the Postal Service's revenue loss projections related to the Mail Processing Network Rationalization (MPNR) service standard changes.

On December 29, 2011, the Presiding Officer issued POIR No. 1, question 18a, which asks witness Elmore-Yalch to explain how missing survey responses were accounted for in various data sets. Witness Elmore-Yalch responded:

The forecasts provided to the Postal Service for average number of pieces sent for each product only included those cases where data were provided for both the before and after measures. Data were not used (declared missing) on a listwise basis for the two time periods—that is, a respondent needed to provide data for both time periods (2012 current standards and 2012 new standards) for their responses to be used.

Tr. 3/557. Commission staff tried to apply the rule to the data sets described in the response, but inconsistencies were discovered.

On February 8, 2012, the Presiding Officer issued POIR No. 4, question 10, which provided examples of the inconsistencies. Witness Elmore-Yalch was asked to explain the inconsistencies. Witness Elmore-Yalch responded by providing a somewhat different rule to account for missing survey responses. She stated that respondents needed to provide data for an application for all three time periods as opposed to the two periods as indicated in response to POIR No. 1, question 18a. She also stated that incomplete data for other applications would not exclude a response from the analysis of the application for which the complete data were provided. Tr. 3/563-8. Commission staff applied this seemingly straightforward rule to the response data and generated a volume forecast for consumers, but the results were quite different from those presented in witness Elmore-Yalch's testimony.

On June 14, 2012, the Presiding Officer issued POIR No. 9, question 1, which provided the Postal Service with the program file that Commission staff used when attempting to replicate witness Elmore-Yalch's results and the associated outputs obtained from running the program. Witness Elmore-Yalch was asked to explain what was causing the Commission to reach different results from those that appear in her testimony. The Postal Service has not provided a response to this question.

Finally, during the June 28, 2012 hearing, the Presiding Officer tried an alternative approach to obtaining a response to POIR No. 9, question 1. Witness Elmore-Yalch was asked: "Would it be possible for you simply to have a program file of

your own that generates your results that you could share with our staff so that we could see exactly what you did?" Tr. 12/4484. The witness responded: "We actually have that. We keep a program file and a log of everything that we did." She then agreed to provide this information as a response to POIR No. 9, question 1.

To avoid misunderstanding, the Presiding Officer offered more detail of exactly what was expected to be provided by witness Elmore-Yalch.

Will the ORC please provide for the Commission a commented executable program files that replicate the results presented in your testimony and that can be run using the data that you've already submitted in Library Reference No. [NP]1 for the consumer, small and home-based business and large businesses? In addition, please provide the associated log files. Good. If we get that information, I think the staff will be very happy and will be able to give us the kind of analysis that we need to develop our advisory opinion.

Tr. 12/4501. The witness appeared to understand what was expected and offered suggestions for providing this information in a step-wise fashion. *Id.* at 4502.

The Postal Service has not provided a response to the alternative question asked by the Presiding Officer.

The record closed in Docket No. N2012-1 on July 5, 2012, briefs were filed on July 10, 2012. Only reply briefs remain to be filed by July 20, 2012. Although the record is closed, the Presiding Officer has indicated that, if necessary, the record may be reopened to ensure inclusion of all necessary materials.<sup>1</sup>

The Commission's efforts to review this proposal in a timely fashion and provide appropriate advice will be hampered should the Postal Service not respond to this question. This one remaining issue must be resolved promptly. The Postal Service shall provide a complete response to the question posed during the June 28, 2012 hearing (reproduced above) by the close of business on Friday, July 20, 2012, or the Commission will conclude that the Postal Service is failing to provide a responsive answer.

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<sup>1</sup> Presiding Officer's Ruling No. N2012-1/74, Presiding Officer's Ruling Incorporating Final Designations into the Record and Closing the Evidentiary Record, July 5, 2012.

*It is ordered:*

The Postal Service shall provide a complete response to the question posed during the June 28, 2012 hearing, reproduced in the body of this Order, by the close of business on Friday, July 20, 2012.

By the Commission.

Ruth Ann Abrams  
Acting Secretary